



6450-01-P

## **DEPARTMENT OF ENERGY**

### **Western Area Power Administration**

#### **Boulder Canyon Project**

**AGENCY:** Western Area Power Administration, DOE.

**ACTION:** Notice of Proposed Base Charge and Rates.

**SUMMARY:** The Western Area Power Administration (Western), a power marketing administration within the Department of Energy (DOE), is proposing an adjustment to the Boulder Canyon Project (BCP) electric service base charge and rates. The current base charge and rates expire September 30, 2012, under Rate Schedule BCP-F8. The existing base charge is being adjusted to ensure it includes all annual costs including operation, maintenance, replacements, interest expense, and to repay investment obligations within the required period. The proposed base charge will provide sufficient revenue to cover all annual costs and to repay investment obligations within the allowable period. A detailed rate package that identifies the reasons for the base charge and rates adjustment will be available in March 2012. The proposed base charge and rates are scheduled to become effective October 1, 2012, and will remain in effect through September 30, 2013. This Federal Register notice initiates the formal process for the proposed base charge and rates.

**DATES:** The consultation and comment period will begin today and will end **[INSERT DATE 90 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER]**. Western will present a detailed explanation of the proposed base charge and rates at a public information forum March 28, 2012, beginning at 10:30 a.m. Mountain Standard Time (MST), in Phoenix,

Arizona. Western will accept oral and written comments at a public comment forum April 11, 2012, beginning at 10:30 a.m. MST, at the same location. Western will accept written comments any time during the consultation and comment period.

**ADDRESSES:** The public information forum and public comment forum will be held at the Desert Southwest Customer Service Regional Office, located at 615 South 43<sup>rd</sup> Avenue, Phoenix, Arizona, on the dates cited above. Written comments should be sent to Darrick Moe, Regional Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, e-mail [moe@wapa.gov](mailto:moe@wapa.gov). Written comments may also be faxed to (602) 605-2490, attention: Jack Murray. Western will post information about the rate processes on its web site at <http://www.wapa.gov/dsw/pwrnkt/BCP/RateAdjust.htm>. Western will also post official comments received via letter, fax, and e-mail to this web site. Western must receive written comments by the end of the consultation and comment period to ensure they are considered in Western's decision process.

As access to Western facilities is controlled, any U.S. citizen wishing to attend any meeting held at Western must present an official form of picture identification, such as a U.S. driver's license, U.S. passport, U.S. Government ID, or U.S. Military ID, at the time of the meeting. Foreign nationals should contact Western 30 days in advance of the meeting to obtain the necessary form for admittance to Western.

**FOR FURTHER INFORMATION CONTACT:** Mr. Jack Murray, Rates Manager, Desert Southwest Customer Service Region, Western Area Power Administration, P.O. Box 6457, Phoenix, AZ 85005-6457, (602) 605-2442, e-mail [jmurray@wapa.gov](mailto:jmurray@wapa.gov).

**SUPPLEMENTARY INFORMATION:** The proposed base charge and rates for BCP electric

service are designed to recover an annual revenue requirement that includes the investment repayment, interest, operation and maintenance, replacements, payments to states, visitor services, and uprating payments. The total costs are offset by the projected revenue from water sales, visitor center, ancillary services, and late fees. The annual revenue requirement is the base charge for electric service and is divided equally between capacity and energy. The annual composite rate is the base charge divided by the annual energy sales.

Rate Schedule BCP-F8, Rate Order No. WAPA-150 was approved on an interim basis by the Deputy Secretary of Energy on September 16, 2010, for a 5-year period beginning on October 1, 2010, and ending September 30, 2015.<sup>1</sup> The schedule received final approval from the Federal Energy Regulatory Commission (FERC) on December 9, 2010.<sup>2</sup> Western's existing rate formula for electric service requires recalculation of the base charge and rates annually based on updated financial and hydrology data. The proposed base charge for fiscal year (FY) 2013 under Rate Schedule BCP-F8 is \$86,800,488, and the proposed composite rate is 20.45 mills/kWh.

The proposed BCP electric service base charge represents an increase of approximately 3 percent compared to the FY 2012 base charge. The 3 percent increase is based on the most current financial data available at this time, which was taken from the latest rate-base power repayment study, and also used to determine FY 2012 base charge and rates. However, given an increase in current energy projections the preliminary composite rate is forecasted to decrease 3 percent. The following table compares the existing and proposed base charge and composite rate. This proposal, effective October 1, 2012, is preliminary and is subject to change upon

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<sup>1</sup> 75 FR 57912 (Sept. 23, 2010).

<sup>2</sup> 133 FERC ¶ 62,229.

publication of final formula rates.

**Comparison of Existing and Proposed Base Charge and Composite Rate**

	Existing October 1, 2011 Through September 30, 2012	Proposed October 1, 2012 Through September 30, 2013	% Change
Base Charge (\$)	84,536,772	86,800,488	3
Composite Rate (mills/kWh)	21.11	20.45	-3

The increase in the proposed base charge is due to increases in the annual operation and maintenance costs, visitor center costs, and the uprating program principal payments. Since there is no projected year-end carryover from FY 2012, the result is an overall increase in the base charge for FY 2013. The decrease in the composite rate, despite the base charge increase, is due to higher energy projections resulting from improved hydrology, and the corresponding increases to Lake Mead elevations.

**Legal Authority**

Since the proposed rates constitute a major rate adjustment as defined by 10 CFR part 903, Western will hold both a public information forum and a public comment forum. After review of public comments, Western will take further action on the Proposed Base Charge and Rates consistent with 10 CFR parts 903 and 904.

Western is establishing an electric service base charge and rates for BCP under the DOE Organization Act (42 U.S.C. 7152); the Reclamation Act of 1902 (ch. 1093, 32 Stat. 388), as amended and supplemented by subsequent laws, particularly section 9(c) of the Reclamation Project Act of 1939 (43 U.S.C. 485h(c)); and other acts that specifically apply to the project involved.

By Delegation Order No. 00-037.00, effective December 6, 2001, the Secretary of Energy delegated: (1) the authority to develop power and transmission rates to Western's Administrator; (2) the authority to confirm, approve, and place such rates into effect on an interim basis to the Deputy Secretary of Energy; and (3) the authority to confirm, approve, and place into effect on a final basis, to remand or to disapprove such rates to FERC. Existing DOE procedures for public participation in power rate adjustments (10 CFR part 903) were published on September 18, 1985 (50 FR 87835).

### **Availability of Information**

All brochures, studies, comments, letters, memorandums, or other documents that Western initiates or uses to develop the proposed rates are available for inspection and copying at the Desert Southwest Customer Service Regional Office, Western Area Power Administration, 615 South 43<sup>rd</sup> Avenue, Phoenix, Arizona. Many of these documents and supporting information are also available on Western's website at <http://www.wapa.gov/dsw/pwrmt/BCP/RateAdjust.htm>.

## **RATEMAKING PROCEDURE REQUIREMENTS**

### **Environmental Compliance**

In compliance with the National Environmental Policy Act (NEPA) of 1969 (42 U.S.C. 4321-4347); Council on Environmental Quality Regulations (40 CFR parts 1500-1508); and DOE NEPA Regulations (10 CFR part 1021), Western has determined this action is categorically excluded from preparing an environmental assessment or an environmental impact statement.

**Determination Under Executive Order 12866**

Western has an exemption from centralized regulatory review under Executive Order 12866. Accordingly, no clearance of this notice by the Office of Management and Budget is required.

Dated: January 9, 2012

Timothy J. Meeks  
Administrator

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